

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: Assessing Officials and Vendors

FROM: Barry Wood, Assessment Division Director *JBW*

RE: Final Commercial and Industrial Cost Tables

DATE: September 2, 2011

The Department of Local Government Finance ("Department") is releasing the attached final copy of the 2012 General Reassessment Commercial and Industrial Cost Tables to be used for the March 1, 2012 assessment date. The Department has developed these tables for commercial and industrial properties. The Department received comments and supplemental information in response to the July 1, 2011 release of the "Draft" cost tables. Those responses, as well as other changes, have been incorporated into the final cost tables. The FINAL version of the residential cost tables (distributed July 1, 2011) is also attached for your convenience. **Please ensure that you are using the FINAL version of the cost tables when valuing property for the 2012 reassessment.** Finally, the Department has developed and attached the "2012 Residential and Commercial Cost Tables Overview of Methodology," which details the process involved in the development of the cost tables.

As indicated in the July 1, 2011 memorandum releasing the Residential Cost Tables (see [http://www.in.gov/dlgf/files/110701 - Wood Memo - Release of 2012 Cost Information for the General Reassessment.pdf](http://www.in.gov/dlgf/files/110701_-_Wood_Memo_-_Release_of_2012_Cost_Information_for_the_General_Reassessment.pdf)), the Department is leaving the depreciation tables unchanged at this time. Any depreciation tables developed this year would rely on assessment data that incorporated the old cost tables, and would therefore be incompatible with the new cost tables. As datasets incorporating the new cost tables become available, the Department will revisit the depreciation tables to determine whether updates are needed.

Indiana Code stipulates that under certain circumstances and subject to the approval of the Department, counties are permitted to utilize alternate cost tables to develop assessed values. For the 2012 reassessment, the Department received no such requests by the statutory deadline. Therefore, all counties will be required to use the cost tables and information provided by the Department for the purpose of the 2012 reassessment. Alternative cost information may not be used. The Department plans to provide annual updated cost tables and information by October 1st preceding the next assessment date (e.g., October 1, 2012 for the March 1, 2013 assessment date).

While the cost tables provide the initial basis for assessed values, **each assessor is ultimately responsible for using cost information, combined with property sales and knowledge of his or**

her jurisdiction, to place an accurate market value-in-use on each property. The 2002 General Reassessment Guidelines were based on January 1, 1999 cost information. Overall, specific cost changes have varied by type of improvement and size. The change in costs for the 2012 General Reassessment Guidelines does not necessarily mean that an *assessed value* will change by a particular amount. Our testing has indicated that the new cost tables accurately reflect local construction costs for 2011 and are the starting point for the reassessment process. The market value-in-use of a property should reflect current real world data (i.e. sales, income, etc.), adjustments to the property to account for differences from the model (e.g., lighting adjustment), as well as any updates a county may have made using a locally-developed depreciation schedule under 50 IAC 27-5-9 (b)(1). In other words, changes in the assessed value could be a result of several factors, including changes in the cost, or other market value-in-use information. However, the final assessed value should reflect the market value-in-use for that property.

The underlying cost information was derived from the Craftsman Book Company 2011 National Construction Estimator using "Average Quality; 'C' Grade; 'Standard or Normal Construction.'" These values have been translated into tables that are compatible with the 2002 General Reassessment Manual format to minimize the implementation burden for local assessors.

If you have any questions, please contact Barry Wood at 317.232.3762 or Bwood@dlgf.in.gov.